IN THE

Supreme Court of the United States

OCTOBER TERM, A. D. 1946.

No. 676

THE GENERAL INDUSTRIES COMPANY,
Plaintiff-Petitioner,

vs.

20 WACKER DRIVE BUILDING CORPORATION, LA SALLE INDUSTRIAL FINANCE CORPORATION AND GENERAL FINANCE CORPORATION,
Defendants-Respondents.

BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

WILLIAM C. WINES,
Attorney for Respondents.

ROBERT E. BARRETT,
JOHN W. COSTELLO,
WENDELL H. SHANNER,
Of Counsel.

THE GUNTHORP-WARREN PRINTING COMPANY, 810 WEST JACKSON, CHICAGO

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Respondents, 20 Wacker Drive Building Corporation, La Salle Industrial Finance Corporation and General Finance Corporation, file this brief in opposition to the petition for certiorari filed by General Industries Company.

THE OPINIONS BELOW.

The opinion of the United States Circuit Court of Appeals for the Seventh Circuit is reported in 156 F. 2nd 474. The memorandum of the trial judge is reported in 57 F. Supp. 583.

STATEMENT OF THE CASE.

The defendants appealed to the United States Circuit Court of Appeals for the Seventh Circuit from a judgment of the District Court for the Northern District of Illinois (Eastern Division) enjoining respondents from adopting and using the name "General Industries Corporation". The judgment appealed from was entered on October 9, 1944.

The Circuit Court of Appeals reversed the decision of the District Court for the reasons set forth in its opinion.

Petitioner Failed to Show a Right to Injunctive Relief Under Illinois Law.

Petitioner's corporate name, composed as it is of generic or descriptive words which have no secondary meaning in trade, is not susceptible of monopolistic appropriation in Illinois, where petitioner neither carries on nor is licensed to carry on its business. Particularly is this true since the petitioner's manufactured products differ greatly in appearance, physical composition and use from those manufactured by respondents, and are not sold to the public generally but to other manufarturers in highly specialized and limited markets.

The corporate franchise granted to petitioner by the State of Ohio to use as its corporate name the words "General Industries Company" did not create in petitioner a property right so absolute in character that petitioner can, without more, assert sole proprietorship of the name at all times and in all places irrespective of the established principles of fair trade.

The Principal Facts.

While petitioner assumes to state the facts that it considers pertinent to the questions raised by its petition, nevertheless, in respondents' view of the record and the issues now raised, such statement is wholly inadequate, both in point of completeness and accuracy. Accordingly, respondents make the following restatement of the principal facts:

Petitioner was organized as an Ohio corporation on June 12, 1914, and thereafter on November 11, 1925, changed its name to "The General Industries Company". At the time of trial (June 16, 1944) it was manufacturing bomb fuses, control boxes, antenna reel motors, tank defroster motors, roller coils, antenna relays and approximately a thousand different articles made of plastics. Historically the company had manufactured antennas in small quantities, heat regulators and road markers, built two air planes during World War No. 1 and has manufactured automobile horns, fishing reels, movie projectors, massage machines, plumbing fixtures, telephones and switchboards (R. 99).

Its regularly manufactured products before the war, *i. e.*, in 1940, were plastic parts, spring motors for phonographs, electric motors for automobile defrosters, phonograph record changers and sound recording units for home use (R. 122).

Mr. Allen W. Fritzsche, petitioner's president, has acted as chairman of meetings of plastic moulders in various parts of the country. He is quite well known among plastic moulders and has been active in their group and trade associations activities (R. 92). Not less than 50% of the petitioner's production facilities are devoted to plastic moulding and petitioner anticipated a tremendous expansion in the plastic moulding industry after the war. The

company expected to get into the phonograph and automotive electrical fields again and it had been approached on the subject of manufacturing washing machine motors after the war. It was not known what the company's business would be in the future (R. 100).

Petitioner has never qualified to do business in Illinois. However, its name, address and telephone number have regularly appeared in the telephone directory for Chicago. Mr. William Kelly, in the status of a local sales representative, has maintained an office on Monroe Street in Chicago and has been authorized to take orders for petitioner's goods. The orders so taken by Mr. Kelly have been forwarded to petitioner's general office in Elyria, Ohio, where, upon acceptance by petitioner, they have been executed by the shipment of goods from Ohio across state lines to the buyers in Illinois.

At no time has petitioner made application for a certificate authorizing it to carry on its business within Illinois as a licensed foreign corporation. Previously, from April 13, 1938, to the 7th day of February, 1944, there existed in Illinois a domestic corporation with the name, General Industries Company (R. 92). On the latter date by appropriate judicial order entered *in invitum* its corporate franchises were terminated for its failure to pay the state's annual franchise tax. The termination of its corporate existence necessarily ended its franchise to use and be known by the corporate name, General Industries Company. Petitioner has never taken steps to avail itself of the opportunity thus offered to acquire under Illinois law the name now locally available for new appropriation by any corporation that wishes to obtain it.

On January 7, 1938, General Industries Corporation was chartered under the laws of Michigan (R. 98; Def. Ex. 5D). Respondent, General Finance Corporation, by contract

secured from the Michigan corporation the right to use that name in the organization of a Michigan corporation. The precise mechanism by which this was accomplished does not appear in the record. However, respondents' attorneys had managed the affair and the availability of the name in Michigan to incorporators identified with the respondents seems clear (R. 144, 145).

Petitioner has never qualified as a licensed foreign corporation under the laws of any state. Apparently it was unaware of and certainly did not object to the organization of other and unrelated corporations in New York, Florida, Califrnia, Michigan and Oklahma under the name of General Industries Corporation. Likewise, it made no objection to and probably did not know that Texas and Kansas had licensed General Industries, Ltd., of California to carry on its corporate business within those states.

The final decree prohibits the corporate respondents and other persons against whom it is effiective, from taking steps or doing acts to organize or acquire a corporation with the name of General Industries Corporation, not only in Illinois and Michigan but also in all other states of the Union.

Mr. Allen W. Fritzsche became general manager and vice president of petitioner in 1932 (R. 122). At that time the principal products of petitioner's factory were steel spring motors, plastics and Ford horns (R. 121). However, production of both spring motors and Ford horns was discontinued as they had become obsolete (R. 121) and in 1932 or 1933 petitioner negotiated a contract with Homer Kopart to manufacture Packard record changers. Later similar contracts were made with Wilcox-Gay and Sharlock to manufacture home recording units under their patents (R. 122). The advent of Mr. Fritzsche as the dominant executive officer of the company marked the end of petitioner's

ventures in the production of a miscellany of articles and from 1932 forward until the demand for war goods came to give character to petitioner's (Apr. 1942) manufacturing efforts, it limited its field of production to that of phonograph motors, record changers, home recording units, automobile defroster motors and plastic articles (R. 122).

The petition so enumerates the products of petitioner's factory (Pet. 3) as not to distinguish those manufactured in an early period and now long since discontinued from its actual current production. It is, however, quite evident that petitioner's early manufacture of typewriters, telephone switchboards, motion picture projectors, and massage machines was but casual or experimental and that for ten years before trial its production (exclusive of war goods) has been confined to record changers, phonograph motors, home recording units, automobile defroster motors and plastic articles (R. 121, 122). Therefore, petitioner's statement that "defendants desired to enter the industrial field, manufacturing motors and other articles similar to the articles of plaintiff" (Pet. 3) is quite inaccurate. Actually the only motor that petitioner manufactures is a small electric motor for use in phonographs and automobile defroster fans, while the motor or engine manufactured by Climax Division of General Finance Corporation is a large internal combustion engine used in oil fields and buildings to generate electric current. The record shows that petitioner had never manufactured such motors (R. 119, 120). Indeed, the petitioner, through its President, Allen W. Fritzsche, denied ever having manufactured any of the products regularly made and sold under their distinctive trade-marks by the manufacturing divisions of General Finance Corporation (R. 119, 120).

Petitioner's sales department was composed of two divisions. Mr. H. E. Moore, a vice president of the company,

was sales manager of the mechanical division and Mr. Barchard had charge of the sale of plastic products (R. 130). These men made or caused contracts of sale to be made with customers and, in their respective fields serviced the accounts of Zenith, Sonora and Galvin. Sales were made by telephone, personal contacts, and, as to plastics, with the co-operation of Mr. Kelly, the company's Illinois sales representative (R. 130, 131). Petitioner was one of the country's leading plastic moulders in 1940.

Its success in this field was due (according to the testimony of Mr. Fritzsche), to the expert engineering service that petitioner furnished to its customers in designing plastic products so as to cause production to conform to good moulding practice (R. 116, 117). Petitioner had never printed or circulated a catalog decsribing its services as a plastic moulder. Mr. Fritzsche explained this by saying, "We advertise on the tongues of our customers. We make them so good and make deliveries so in conformity with their requirements that they advertise for us." (R. 116).

None of petitioner's products was a completed machine intended and suitable for use separate from other parts and mechanisms and therefore such products were not sold by petitioner to ultimate consumers except on very rare occasions when courtesy sales were made. These manufactured products were parts only which were sold to other manufacturers for use by them in the production of still other articles of manufacture. Since they reached consumers as integral parts of other devices, machines and articles produced and sold by others under their own distinctive trade-marks or names, their identity as to origin was largely, if not entirely, lost (R. 115).

Petitioner sold in a highly specialized and restricted market. The sale and purchase of its products were made by men of specialized skill and knowledge who were not

and could not be misled by any extraneous circumstance as to the origin or identity of the products in which they deal (R. 130, 131).

While petitioner advertised mostly on the tongues of its customers (R. 103) to the extent that it employed commercial media of advertising, it used trade papers and journals such as "Modern Plastics Magazine" and "Talking Machine Radio Weekly" (R. 103). These papers circulated among manufacturers and dealers in all parts of the country (R. 103).

Respondent, General Finance Corporation, is a Michigan corporation, licensed to do business in Illinois and other states (R. 141). For the past 16 years it has done a general finance business, both directly and through two subsidiaries, Accounts Finance Company and General Finance Loan Company. Its co-defendant Wacker Corporation, is also a subsidiary that owns the Civic Opera Building in Chicago. After Pearl Harbor automobile manufacture was stopped and General Finance Corporation faced, as it was, with the loss of a very substantial part of its finance business, was forced to enter new fields in order that it might continue to exist as a company (R. 136, 139).

In that period the chief national economic effort was in the production of goods. Accordingly, General Finance Corporation entered the industrial field by purchasing, in August, 1942, all the stock of Climax Engineering Company, an Iowa corporation, with a factory and general offices in Clinton, Iowa. In February, 1943, it bought all the stock of Bi-Metallic Products Corporation, an Illinois corporation, which owned and operated a factory in Chicago. Shortly afterward in April of 1943, respondent, General Finance Corporation, bought all the stock of McAlear Manufacturing Company, an Illinois corporation, with a factory in Chicago, and in February of 1944, it purchased

the Hanlon-Waters Company, a Delaware corporation, licensed to do business in Oklahoma (R. 143, 1944). That company owned and operated a factory in the city of Tulsa.

Each of these corporations had been in business for many years prior to their purchase by General Finance Corporation and had manufactured and marketed non-competing products of proved excellence under distinctive trade-marks and trade-names. Following purchase by General Finance Corporation all their assets, business, trade-marks, trade-names and good will were transferred to the buying corporation, and their separate businesses were thereafter and are now carried on as distinct divisions of General Finance Corporation, each of which is designated by the distinctive words of its predecessor's corporate name (R. 140).

The agreed statement of facts (Rec. 93-96), the testimony of Owen L. Coon, Chairman of the Board of Directors of General Finance Corporation (Rec. 136-138) and defendant's Exhibits 1, 2, 3 and 4 show in great detail the design, appearance and use of the special products of these manufacturing divisions and illustrate the distinctive trade-marks and names which have been uniformly used in the advertisement and sale of their products.

Like petitioner's products, the industrial output of General Finance Corporation flows into particular, limited and highly specialized markets. McAlear valves designed for use in systems of conduits in the automatic control of the pressure and flow of fluids are purchased from a few dealers (R. 139) by shipbuilders and industrial concerns for use in ships and buildings.

The products of Hanlon-Waters Division are comparable in function and use to those of McAlear but are sold almost entirely to buyers engaged in the production of petroleum

for use in oil fields (R. 136). The Climax division manufactures large internal combustion engines which are marketed in combination with dynamos under the trade-mark "Climax". These units are sold to buyers who have no access to electricity distributed by utility companies or who produce electricity locally in competition with public utilities. More than 50% of this production has steadily gone into the country's oil fields (R. 94).

Bi-Metallic Division manufactures a line of hand tools that are tempered by a special patented process. They are distributed to the public through large retail stores, such as Sears-Roebuck & Co. and Montgomery Ward & Co. These tools have always been marketed under their original trade-mark and trade-name "Bi-Metallic" (R. 96).

It thus appears from the uncontradicted evidence in the record that petitioner and defendant, General Finance Corporation, manufacture products that differ widely in appearance, use, physical characteristics and function. Each sell in a different and highly specialized market to a limited number of customers who have not purchased and are not likely to purchase the products of both petitioner and respondents.

The complaint does not charge fraud but merely that respondents' use of the name, General Industries Corporation, would cause "endless confusion between articles entering into the General Industries field, and also between the identity of the parties" (R. 5). There was no evidence of a fraudulent purpose on the part of respondents and in fact the evidence was wholly to the contrary. Mr. Coon stated that the name, General Finance Corporation, was not suitable as it no longer typified what that company was doing. So far as he knew, General Finance Corporation was the only finance company to have so broadened its business as to embrace manufacturing divisions. This caused embarrassment because Dunn & Bradstreet reports

which recorded such expansion, stimulated suspicion that the old well-known and highly reputable predecessor corporations to respondent's principal manufacturing divisions had become insolvent and in consequence of such insolvency, had passed under the control of a finance company. Mr. Coon and his associates wished to select a name that would avoid this connotation and at the same time be descriptive of the company's business in its then greater field of manufacturing and finance. It was their desire to retain the word "General" as a symbol of continuity and also when used in association with the word "Industries" as part of a name which would be descriptive of respondents' enterprises. These considerations dictated the choice (R. 140, 141) and Mr. Coon unreservedly disavowed any intention of impinging upon the good will of petitioner and stated that the respondents would be glad to have the court retain jurisdiction so as to enforce measures of full differentiation in identity should respondents in their use of the name, General Industries Corporation, voluntarily fail to do so (R. 142, 143).

There have been public offerings of the shares of both corporations. Petitioner's shares are not listed on any exchange but are bought and sold in over-the-counter transactions. The shares of General Finance Corporation are listed on the New York Curb Exchange and the Chicago and Detroit Stock Exchanges (R. 97, 98). At the time of trial the common shares of both companies were low priced and sold in the same range (R. 92).

All advertising by General Finance Corporation relating to the industrial products of its manufacturing divisions has regularly featured the trade-marks or trade-names "McAlear", "Hanlon-Waters" and "Climax", as respondent wishes to preserve the good will of these marks and names (R. 140). A typical layout of the national advertising is shown by respondents' Exhibit 6 (R. 140).

Both business organizations are well established and in their special fields are well and favorably known. Their products are not competitive, either directly or indirectly, and there is no evidence indicating a likelihood of competition. They manufacture in widely separated places and to a great degree their products are distributed in separate localities. Respondents' plan with respect to a change in name was conceived in good faith and the record unquestionably establishes that respondents have neither the desire nor the need of exploiting the good will of petitioner.

Petitioner adverts (Pet. 4) to the showing made after decree that respondent, 20 Wacker Drive Building Corporation, had acquired two industrial units. The implication thus made is that those units were a part of General Finance Corporation and therefore that the testimony of Owen Coon (Chairman of the last named company) which, in substance, was that General Finance Corporation had achieved a balance between its financing and industrial activities and, therefore, did not plan any further incursion into the industrial field, was not entirely accurate. However, the record shows that after petitioner obtained its temporary injunction the reorganization (then in process) of 20 Wacker Drive Building Corporation continued and as the injunction prevented merger of that corporation with General Finance Corporation, its reorganization as an independent corporation proceeded to completion. Plans were changed to provide that 20 Wacker Drive Building Corporation should continue its separate corporate existence under the name of Wacker Company and General Finance Corporation would assume the name of General Industries Company should the name become legally available for such use (R. 145, 146.) It is thus evident that the testimony of Owen L. Coon as to the settled policy of General Finance Corporation not to acquire additional industrial enterprises is true (R. 139).

Respondent, LaSalle Industrial Finance Corporation, was dissolved before trial and never engaged in manufacturing, either directly or through subsidiaries (R. 97).

ARGUMENT.

I.

The Circuit Court of Appeals Correctly Held That Under the Law of Illinois, Petitioner's Corporate Name, Which Is Without Secondary Meaning, Is Not Entitled to the Absolute Protection of the Injunctive Process In the Absence of Fraud, Palming Off or Competition, and That Respondents May Lawfully Seek to Use a Similar Name In That Jurisdiction Where the Name is Public Property.

The complaint filed by petitioners does not allege that the words, "General Industries Company" or any combination or arrangement of them are or have ever been a trademark or trade name by which its customers and others are accustomed to identify petitioner as the source of any or all of the myriad products that it has manufactured. Nor does the petitioner allege that its corporate name has acquired a secondary meaning, either generally or in any locality which has been the scene of its business activities. Likewise the complaint fails to charge that respondents intend to use the words, "General Industries Corporation," as a trademark or tradename or to so use them so as to create with the public generally or in the minds of respondents' customers the impression that respondents' products are the output of petitioner's factory. It is alleged merely that:

> "Because of the excellence of plaintiff's product and the financial standing of plaintiff corporation, a large good will has been built up in plaintiff's name, The General Industries Company, which the public has come to associate with the products and identity of the company" (Rec. 3) and "The threatened ap-

> propriation of plaintiff's name by defendant would not only cause endless confusion between articles entering the General Industries field, but also between the identity of the parties, etc." (Rec. 5.)

The Findings of Fact made by the trial judge do not embrace any finding that the petitioner's name had become a trade name or had acquired a secondary meaning or that it symbolizes petitioner as the manufacturer of particular products or classes of products. (Rec. 158.)

Furthermore, there is no finding that petitioner and respondents are in competition for particular markets or that they manufacture similar or related products or that respondents plan to use the name, "General Industries Corporation," in such manner as to confuse or mislead persons in respect to the identities of the parties or their products. The only finding on this subject is, "A likelihood of confusion would arise if defendant used a name practically identical with plaintiff's." (Rec. 160.) Similarly, the memorandum of the trial judge makes no such findings and in fact recognizes that the parties are not in competition and that they sell to different customers in highly specialized markets. After conceding that the court could not enjoin respondents from adopting a name similar to petitioner's "where no possible harm can come to the corporation which has first taken the name in controversy * * *," (Rec. 155) the memorandum proceeds to declare that respondents' proposed charter authorizes it "to manufacture and sell every sort and kind of product" and "trade conditions may bring plaintiff and defendant into direct conflict with each other." (Rec. 156.) And from these reflections the court concluded: "It (plaintiff) is entitled to be protected in the use of that name as against a newcomer whose (charter) authorizes it to manufacture and sell any product whatsoever and which is now doing

business not only in Illinois, but in the country generally, as is complained." (Rec. 156.)

We have referred in some detail to the complaint, the findings and the memorandum to show that the decree in the trial court was not grounded on any recognized principles of unfair competition as they have been enforced in Illinois or elsewhere and in reality was based upon the presumption that at some future time, somewhere in the United States, under different circumstances, there may occur "direct conflict" between the parties. Thus the unavowed but clearly discernable theory of the action and the decree was the concept of monopolistic proprietorship in a corporate name inherently requiring judicial recognition and protection everywhere. The decisions give no countenance to such a view of the legal characteristics of a corporate name.

The only legal and equitable basis for petitioner's claim to injunctive relief is the aggregate of principles applied in the trademark and trade name cases to prevent fraud or in the absence of actual fraud, to prevent one from exploiting the good will of another. An excellent summary of these principles appears in the opinion of the United States Circuit Court of Appeals for the District of Columbia filed in the case of *Lawyers Title Ins. Co. v. Lawyers Title Ins. Corporation*, 109 Fed. (2d) 35. The court there said in part (Pgs. 42, 43):

> "The limitations thus measuring the scope of legal protection are consistent with a foundation encompassed by preventing or repairing damage caused by confusing or deceptive use in trade. They are not consistent with any notion of absolute property created merely by incorporation and effective to exclude others regardless of time and circumstances. Neither on authority nor on principle do we find that corporate names are given or need protection greater than that accorded to trademarks and trade names. Such pro-

tection (or any degree of exclusion) is irrelevant to the purely nominative function. The exclusive function has significance only in relation to trade. If a competitive or other use is fair in respect to a trademark or a trade name, we do not see upon what principle it can be deemed unfair in relation to an identical corporate name. For purposes of exclusion its function is not different from that of trademarks and trade names; namely, to identify source in trade and to build good will toward it. In the absence of trade, present or prospective, and corresponding good will, this function is as meaningless for corporate names as for trademarks and trade names. Though each protects reasonable expectations for future trade, none serves or should serve solely to exclude others without possible benefit to the originator. Each has unique protections or occasions for protection, but the distinctions are vanishing in the expanding conceptions of unfair trade. With that expansion, sharp and technical differentiations disappear, though need for some important distinctions may remain. Nevertheless no form of earmarking source or product has buttressed itself beyond the reach of equitable limitation. We see no reason for holding that corporate names should be permitted to do so. The considerations dictating the limitations applied in protesting them appear, on the whole, to be related as intimately and extensively to fair play in business as those relating to trademarks and trade names. If they are effective to confine the limits of 'property' to reasonable use and benefit in the one class of cases, they should be also in the other. Although 'property' may be admitted to exist, whether in a trademark, a trade name or a corporate name, that is true, broadly speaking, whenever economic interests are protected by legal process, but only to the extent that they are so protected."

A relatively early but clear and uniformly followed precedent is *Elgin Butter Company* v. *Elgin Creamery Company*, 155 Ill. 127. In that case the complainant was

the older corporation, and in addition to the regular use of its corporate name, it had printed on its letterheads and elsewhere on its advertising matter the words, "Proprietor of the Elgin Creamery." Plaintiff's claim to relief was founded on the alleged unfair trade practices of defendant in the use of its corporate name. Notwithstanding the close similarity in the names of the plaintiff and defendant, the court denied relief, saying (Pg. 137):

> "Even if the corporate names of the two corporations are somewhat similar, yet, in the absence of any intent, act or artifice to mislead dealers in the market or the public at large as to the identity of the corporations, the Elgin Creamery Company has the same right to use its corporate name in the transaction of its business that the Elgin Butter Company has to use its corporate name. It would seem that the same rule should apply to corporations, in this regard, that obtains in respect to natural persons, and in the absence of any fraudulent or wrongful intention or act, or any contract to prohibit it, every natural person has the absolute right to use his own name in his own business. *Meneely* v. *Meneely*, 62 N. Y. 427."

Petitioner does not, and cannot contend that its corporate name has a secondary meaning, because there is no evidence tending to prove in any degree whatever that the name, "General Industries Company," is synonymous in the public mind with particular plastic products, phonograph motors, small electric motors or any other of the numerous products which the petitioner has manufactured at different periods in its history. In fact, the name itself composed as it is by the union of two generic words of the broadest import can never serve the ends of trade or do anything more than perform its nominative function when the variegated pattern of petitioner's manufacturing activities, both past and prospective be considered. It was selected for its descriptive characteristics (Rec. 100)

and no attempt has ever been made to inculcate in the minds of people generally a symbolic significance for the name denoting the origin or ownership of particular products.

The Elgin Butter Company case has been followed by later Illinois decisions. *Hughes* v. *West Publishing Company,* 225 Ill. App. 58, was decided in 1922 on facts showing that plaintiff claimed to have discovered a new method of legal subject classification and had employed as an advertising device the picture of a key having the shape of an ordinary yale lock key, which was exhibited in association with the phrase, "Key number system." His bill of complaint charged that defendant was guilty of unfair trade practices and prayed for an injunction. The Court, in denying the relief sought, said (Pg. 66):

> "Appellant also claims a property right in the words, 'Key Number System,' illustrated by the symbol of a key, and insists that this right is exclusive. Similar cases have been passed upon by our Supreme Court, which has held that the use of particular words and symbols in connection with articles of commerce will not be enjoined unless some deception is practiced thereby, and there is a probability that the productions of one person will be substituted for those of another. *De Long Hook & Eye Co.* v. *Hump Hairpin Mfg. Co.*, 297 Ill. 359. The essence of unfair competition is fraud. It consists in the sale of the goods of one vendor for those of another, and if the defendant so conducts its business as not to substitute its goods for those of the complainant, the action fails. *Howe Scale Co.* v. *Wyckoff, Seamans & Benedict*, 198 U. S. 119. Similar views were expressed in *Elgin Butter Co.* v. *Elgin Creamery Co.*, 155 Ill. 127, and in *Bolander* v. *Peterson*, 136 Ill. 215 * * *."

To the same effect is *Ambassador Hotel Corp* v. *Hotel Sherman*, 226 Ill. App. 247. There the court refused to enjoin the defendant from using the word, "Ambassador,"

as the name of its Chicago hotel, notwithstanding the fact that plaintiff had previously appropriated the name for its hotels in Atlantic City and in other American cities. Complainant had standardized or was engaged in standardizing the furnishings, accommodations and service offered by the Atlantic Hotel and all other Ambassador hotels in the chain. Nationwide advertising was used to create good will for plaintiff in the name Ambassador. A demurrer was sustained to the bill as amended and supplemented. In so doing, the Court said (Pg. 270):

> "In our opinion, the position of a complainant, seeking to protect his alleged rights in a trade name, cannot be determined by the test of consideration which the court seems to have adopted in the case cited. Nor can the question of prior user be taken as the sole test, although, in many cases, it may be an important element in determining the respective rights of the parties. Cases in which statements are made to the effect that the exclusive right to the use of a trademark or a trade name is founded on priority of appropriation or use, must be interpreted in the light of the facts involved in the case in which those expressions are used. The case of *Hanover Star Milling Co. v. Metcalf*, 240 U. S. 403, and of *Allen & Wheeler Co. v. Hanover Star Milling Co.*, 240 U. S. 403, which were decided together in that court, were cases involving the use of the name, 'Tea Rose,' as designating a style or brand of flour. In the course of its opinion, the court said: 'Expressions are found in many of the cases to the effect that the exclusive right to the use of a trademark is founded on priority of appropriation. Thus, in *Delaware & H. Canal Co. v. Clark*, 13 Wall. (U. S.) 311, 323, reference is made to the first appropriator'; in *McLean v. Fleming*, 96 U. S. 245, 251, to 'the person who first adopted the stamp'; in *Amoskeag Mfg. Co. v. Trainer*, 101 U. S. 51, 53, the expression is 'any symbol or device, not previously appropriated, which will distinguish,' etc. But these expressions are to be understood in their application to the facts

of the cases decided. In the ordinary case of parties competing under the same mark in the same market, it is correct to say that prior appropriation settles the question. But where two parties independently are employing the same mark upon goods of the same class, but in separate markets wholly remote the one from the other, the question of prior appropriation is legally insignificant, unless, at least, it appear that the second adopter has selected the mark with some design inimical to the interests of the first user, such as to take the benefit of the reputation of his goods, to forestall the extension of his trade, or the like."

See also *De Long Hook & Eye Co. v. Hump Hairpin Mfg. Co.*, 297 Ill. 359; *Nestor Johnson Mfg. Co. v. Alfred Johnson Skate Co.*, 313 Ill. 106.

Petitioner has cited many cases to support its single fundamental contention that petitioner's name is entitled to monopolistic protection everywhere, irrespective of circumstances.

The first of these cited cases is *Investors Syndicate v. Hughes*, 378 Ill. 413. As the petitioner has failed to state the facts of that case, we shall do so in some detail, for here, as in other cases in the field of unfair competition, the true criteria of distinction are the factual differences between cases. Investors Syndicate was an old and well-established corporation which had done business in Illinois for many years prior to January 1, 1941. It had sold to investors within that state installment savings contracts and certificates having an aggregate maturity value of \$40,270,000.00, with a cash surrender value of approximately \$3,460,000.00. It ceased selling investment contracts in Illinois on January 1, 1941. Its reputation for integrity and solvency had always been high among the numerous investors who had purchased its savings contracts. Under those contracts all of its assets and resources were required to be retained by the Investors Syn-

dicate for the security of purchasers or holders of its investment contracts.

In 1940 Investors Syndicate organized a wholly owned subsidiary under the laws of Minnesota which took the name of Investors Syndicate of America, Inc. The subsidiary applied to the Secretary of State of the State of Illinois for a certificate of authority to transact business in that state. With its application it filed the formal written consent of the parent company to the issuance of such certificate. The consent, so given and filed, contained no contract or undertaking on the part of Investors Syndicate to underwrite or guarantee the investment contracts which the new corporation proposed to sell to citizens of Illinois.

The Secretary of State refused to grant the certificate on the ground that Section 104(a) of the Business Corporation Act of Illinois forbade him to do so since the subsidiary corporation's name was deceptively similar to that of the parent company.

In a mandamus proceeding instituted by Investors Syndicate of America, Inc., against the Secretary of State the Supreme Court refused to direct the Secretary of State to issue the qualifying certificate. It declared that the Secretary of State was required to deny the certificate even though the new corporation might be in a position to deal in a more advantageous manner with its customers than could the old if it should appear to the Secretary of State in the exercise of a reasonable administrative discretion that the two names were deceptively similar. As the Court put the matter, "The General Assembly has not seen fit to permit the Secretary of State to weigh benefits in such a case."

It is thus evident that the sole question presented for determination in that case was whether or not the Secretary of State had acted capriciously in refusing qualifica-

tion to the subsidiary corporation. The Court concluded that he had not done so, saying (p. 424) "From the records before us we cannot say that defendant has abused the discretion vested in him by the statute, or that he has acted arbitrarily and capriciously, and this being so, plaintiff is not entitled to a writ of mandamus to compel him to issue the desired certificate. Where a public officer has exercised discretion in the course of official duty, the courts are careful of encroachment upon such discretionary powers of such officer, and if reasonable doubt exists as to the question of discretion or want of it, the court will hesitate to interfere, preferring rather to extend the benefit of a doubt in favor of the officer."

From this resume of the facts and the holding in the cited case, it is evident that the newcomer proposed to carry on precisely the same type of business as had the parent corporation, selling the same investment contracts to the public generally within the state of Illinois. It was not intended that there should be competition between the parent and subsidiary corporations and. in fact, it was the desire of both parties to the arrangement that the newcomer should succeed to the business of the old. When it is considered that this plan envisioned a transfer of good will by the outgoing to the incoming corporation, it is not difficult to understand that the Secretary of State did not act arbitrarily in concluding that investors might be confused and while intending to buy the obligations of the old, reputable and thoroughly solvent corporation they might, by mistake, purchase the investment contracts of the new corporation. It is equally evident that these facts and circumstances so well calculated to promote confusion in the public mind have not been shown directly or inferentially by any evidence in the record.

The second of Petitioner's cases is *Lady Esther, Limited*

v. *Lady Esther Corset Shoppe, Inc.*, 317 Ill. App. 451. The Circuit Court of Appeals correctly distinguished that case by stating that the plaintiff had created a secondary meaning in the words, "Lady Esther," through wide, persistent and long continued advertising. The public had come to know and identify the cosmetics of plaintiff by the words, 'Lady Esther.' " Furthermore, (in the cited case) both corporations were Illinois corporations and carried on their respective businesses in and from the City of Chicago and Lady Esther Limited was the senior corporation. The words, "Lady Esther," were the registered trademark of plaintiff and uniformly were printed on or affixed to all cosmetics manufactured and sold by plaintiff.

It was evident from the record that the name, "Lady Esther Corset Shoppe, Inc., was selected with the intention of deceiving the public into believing that the defendant was owned by or connected with the plaintiff and to thereby secure patronage through the unlawful exploitation of the plaintiff's good will.

The words, "Lady Esther," were shown to be a coined or fanciful expression, and therefore, an addition to and not a subtraction from the language. Under such circumstances, the trademark was entitled to the broadest protection under the doctrine of strong trademarks; *Philco Corp.* v. *Phillips Mfg. Co.*, 133 F. (2d) 663. The rationale of this rule has been well stated by Mr. Frank I. Schechter of the New York Bar in his much cited article printed at page 828 of Vol. 14O of the Harvard Law Review as follows:

> "The rule th . arbitrary, coined or fanciful marks or names should be given a much broader degree of protection than symbols, words or phrases in common use would appear to be entirely sound. Such trademarks or trade names as 'Blue Ribbon' used with or without registration, for all kinds of commodities or services, more than 60 times; 'Simplex' more than 60

> times; 'Star' as far back as 1898, nearly 400 times, 'Anchor' already registered over 150 times in 184 'Bull Dog' over 100 times by 1923; 'Gold Medal' 6 times; '3-in-1' and '2-in-1' 79 times; 'mix-all' 50 times 'Universal' over 30 times; 'Lily White' over 70 times —all these marks and names have, at this late dat very little distinctiveness in the public mind and i most cases suggest merit, prominence or other quali ties of goods or services in general, rather than th fact that the product or service in connection wit which the mark or name is used, emanates from a pa ticular source. On the other hand, 'Rolls-Royce,' 'Aun Jemima's,' 'Kodak,' 'Mazda,' 'Corona,' 'Nujol' an 'Blue Goose,' are coined, arbitrary or fanciful wor or phrases that have been added to rather than with drawn from the human vocabulary by their owner and have, from the very beginning, been associate in the public mind with a particular product, not wit a variety of products, and have created in the publ consciousness an impression or symbol of the exce lence of the particular product in question."

No one of these important facts is exhibited by the in stant record. The words, "General Industries," are no words with a secondary meaning in trade; they were no the petitioner's trademark, either registered or unregi tered; they are not a fanciful or coined expression, bu rather, are generic and descriptive words of the broade import. Furthermore, there is no showing in the instan record of an intention by respondents to imitate the nan of petitioner with a view to selling goods. Responden did not propose to organize a corporation in Ohio or t carry on business in that state. Their purpose was to o ganize an Illinois corporation where the name, "Gener Industries," was public property and to carry on bus ness in that state—a state in which the petitioner ha elected not to seek a license to there carry on its busines

Petitioner also cites and relies upon the early Illino

Appellate case of *Merchants Detective Assn. v. Detective Mercantile Agency,* 25 Ill. App. 250. That case was decided on a demurrer to the plaintiff's complaint. Therefore, for the purposes of decision, all allegations of fact in that pleading were taken as true. The bill alleged that plaintiff had been organized as an Illinois corporation in December of 1884 to take over a proprietorship that had carried on the business of a collection agency in Chicago for 13 years prior to the date of the corporation's organization. It also alleged that defendants formed a new organization with a deceptively similar name to engage in the collection business as a competitor of plaintiff "with the fraudulent purpose and design of deceiving the complainant's patrons and the public, and of fraudulently usurping the business and patronage which the complainant was enjoying," and that in the prosecution of their fraudulent design "the defendants have not only adopted said name, but after having surreptitiously become acquainted with the complainant's system and methods and the instrumentalities by which its business was being carried on, adopted the same in carrying on the business of their new organization, and to complete the deception made use of stationery as closely as possible resembling that used by the complainant, and issued circulars framed and expressed in the same language as those issued by complainant, and in all their methods of doing business so closely copied the methods used by the complainant that businessmen, using ordinary prudence and caution, were induced to deal with said new organization under the supposition that they were dealing with the complainant." It also charged that defendants had recently established an office near plaintiff's office and on the same side of the street, and that "complainant's patrons and customers have been and are being deceived, and the complainant's business has been and is being greatly injured."

Petitioner's quotation from the court's opinion (Pet. 11.) is a mere dictum and does not purport to express the actual ground of decision. This is evident from the paragraph immediately following. The court then said:

> "*But waiving the point last suggested* and applying to the complainant's name only, those rules which are applicable to ordinary trademarks, it must be conceded that, while the general rule debars a party from protection in the use of descriptive words as a trademark, the tendency of the more recent decisions seems to be to hold that the fact that the words are descriptive will not prevent the issuance of an injunctive when there is *conclusive evidence of a fraudulent design and sufficient reason to presume that the public will be misled* * * *." (Italics ours.)

No less remote on its facts is the case of *Mossler* v. *Jacobs,* 66 Ill. App. 571, from which petitioner quotes at great length. (Pet. 12.) The plaintiffs were tailors who for fifteen years before the litigation engaged in the tailoring business in New York, where they operated two stores under the trade name, "Six Little Tailors." They also had stores in Buffalo, Philadelphia, Boston, Washington, Pittsburgh and Cleveland, each of which was operated under the same trade name. They had used the language "Six Little Tailors," in every way that would give publicity to the name. The name had appeared on advertising posters, circulars, cards and in newspapers prior to opening the Chicago store. Plaintiff's business cards which bore the language, "Six Little Tailors," had been copyrighted about ten years before the trial. Plaintiffs did an extensive mail order business and had sold many suits in Chicago by mail before opening the Chicago store.

Plans for the Chicago store were fully matured in November, 1895, and extensive advertising gave notice to the public that the store would be opened in March, 1896.

In February, 1896, the defendants opened their store on State Street in Chicago under the firm name, "Six Big Tailors." Although there were six brothers in defendants' family, only two of them were interested in the tailoring shop.

Thus, on the facts, the parties were direct competitors in the same city for the same customers. Both sold tailored men's suits at retail, and therefore, the business appeal of each was directed to the general public. The court found as a fact that the trade name of defendants was deceptively similar to that of plaintiffs and would probably deceive the unwary, thus inducing persons intending to buy from plaintiffs, to in fact purchase from the defendants. The injunction was entered to prevent this obvious piracy by defendants on the plaintiffs' business and customers.

On its facts, the instant case differs radically from the cited case in every particular. Petitioner's name is not a trademark and is wholly without secondary meaning. Petitioner does not manufacture goods that are to any degree whatever similar to the products of respondents. The parties manufacture in widely separated places and sell to different customers in different markets under different and distinctive trade marks and trade names. Neither sells drectly to the public where unwary buyers might be found. On the contrary, each sells its wares in a highly specialized market to experienced and expert buyers.

Johnson Manf. Co. v. Johnson Skate Co., 313 Ill. 106, cited by petitioner lends no authoritative aid to its contention. It was there held that a corporatoin, known as Nestor Johnson Manufacturing Company, which had manufactured Nestor Johnson tubular skates for so many years that the name, "Johnson," had come to have a secondary meaning, was entitled to an injunction against a rival cor-

poration organized by persons who had withdrawn from the original company and had adopted the name, Alfred Johnson Skate Company, and also had used and were using the word, "Johnson," on its skates so as to palm them off as the product of plaintiff. The decree provided merely that defendant should not manufacture skates under the name "Johnson" unless the words, "not connected with the Nestor Johnson Manufacturing Company" were used in the distribution and advertisement of its skates.

As its final citation to show that the Circuit Court of Appeals did not follow the law of Illinois, petitioner mentions *Bender* v. *Bender*, 178 Ill. App. 203. The plaintiff in that case had carried on his business for many years under the name, "Bender Store and Office Fixtures." Defendant was organized by persons, no one of whom had the name, "Bender" under the corporate name of "The Bender Store and Office Fixture Co." It selected a place of busiiness close to plaintiff's store and in the area where plaintiff's customers were found. Defendant closely imitated plaintiff's signs and other advertising paraphernalia. The court in granting a temporary injunction held that the defendant in adopting its corporate name with the word, "Bender," as a part of it, did so for the purpose of deceiving the public and was guilty of an unfair trade practice.

II.

Under Miscellaneous Propositions Petitioner Cites Numerous Cases Which It Claims Should Control Decision. None of Them Involves a Factual Situation Which Is at All Similar to the One Shown by the Instant Record. For That Reason All of Them Are Wholly Inapplicable and Cannot Assist the Court In the Resolution of the Questions Raised by the Instant Petition.

Not only would it be an uninspiring and tedious task to undertake a detailed analysis of the facts and holdings in all these cases but to do so would necessarily extend this brief to incredible length. Suffice it to say that petitioner's industry has not been rewarded by the discovery of a single case decided by any reviewing court in any jurisdiction which holds that mere confusion or the likelihood of confusion, without more, is legally sufficient to support an injunction forbidding a latecomer from adopting and using a name similar to the name of an already existing business organization. In every case where such use of a name has ben prohibited there has been present fraud, palming off or the exploitation of another's good will through the appropriation of a trade symbol having an established secondary meaning.

Throughout its brief, petitioner has assumed that the record contains proof of such circumstances and acts, either performed or contemplated by respondent, as show a fraudulent intent and the probability of its accomplishment if the injunctive order be not continued in effect. Every case cited by it involves a situation of that description. Chief of these is *Standard Oil Co. of New Mexico* v. *Standard Oil Co. of Cal.*, 56 F. (2d) 973, C. C. A. 10. In that case the evidence disclosed that plaintiff was organ-

ized under the laws of Utah in February, 1928, and shortly thereafter qualified under the laws of New Mexico to carry on its business in that state. Continuously thereafter it engaged in its business of selling petroleum products in New Mexico and at the time of trial had invested capital within that state of a value exceeding $500,000.00. Its gross annual sales exceeded $1,500,000.00, and it had built up good will in New Mexico under its corporate name.

In 1925 the Standard Oil Company of Indiana registered with the Secretary of State of New Mexico the word "Standard" as a trademark to be used in connection with its business, and in October, 1929, assigned that name to the plaintiff. Since commencing business in New Mexico, plaintiff had used the word, "Standard," "Standard Oil," "Standard Oil Company Products" and "Standard Oil Products" in connection with the sale and distribution of its products and in the transaction of its business in New Mexico. These words came to be understood by the public to mean the products of plaintiff and had therefore acquired a secondary meaning.

On September 27, 1929, one Harry Starr of New York caused defendant to be incorporated in New Mexico, and in so doing he was acting as agent for Jacob J. Smith, Stanley Andt, Leonard F. Finkle of New York City, and E. Walter Hudson and Jacob J. Shilfer of Philadelphia. About the same time Starr caused companies with identical corporate purposes to be incorporated in the states of Virginia, West Virginia, Maine, Rhode Island, North Dakota, Alabama and North Carolina. In each instance the name of the corporation was Standard Oil Company followed by the name of the particular state in which it was incorporated. Thus it is evident that Star was executing a scheme or plan that he and his principals had entered into to organize corporations in a number of states

with names similar to those of the Standard Oil Companies already incorporated and in business in such states.

Starr's New Mexico corporation was without capital, business or good will and was junior in the state of its organization to the plaintiff in its status as a foreign corporation licensed to do business in New Mexico. Its incorporators were not residents of New Mexico, controlled no business there and had no prospect whatever of carrying on a legitimate business in that state. The reported cases afford no better illustration of a purely piratical business venture, and the mere statement of the facts proves the fraud conclusively. Starr and his associates *did* everything that Coon (Chairman of the Board of General Finance Corporation) and his associates *have not done*. In violation of the law of New Mexico they obtained a name for their corporation deceptively similar to the corporate name that plaintiff had been previously authorized to assume.

They proposed, at the same time and in the same place, to engage in the same business that plaintiff was carrying on and to use the same trade-marks and trade names upon which plaintiff had built its reputation and good will. None of these elements are present in the case at bar.

Petitioner argues that the Circuit Court of Appeals misapprehended the grounds upon which the Supreme Court of Illinois decided the case of *Hazelton Boiler Co.* v. *Hazelton Tripod Boiler Co.*, 142 Ill. 494. Petitioner says that the plaintiff was the newcomer seeking to deprive a prior user of its right to continue to carry on its business under its corporate name. Actually the plaintiff was a newcomer in the sense only that it had recently come into Illinois where it sought to prevent the defendant, an Illinois corporation, from using the name it had acquired upon organization under Illinois law. Plaintiff had conducted its business of

manufacturing boilers in the State of New York under the business name of Hazelton Boiler Co. since 1884. First, as a co-partnership, then subsequently and since February 29, 1888, as a corporation. The fact that plaintiff changed from the partnership form to the corporate form of conducting business should not, under plaintiff's theory, have affected in the slightest degree its rights to monopolistic protection of its name in Illinois. However, the Illinois Court though recognizing the earlier existence of plaintiff as a partnership with the name of Hazelton Boiler Co., held that its advent into Illinois to conduct litigation against an Illinois corporation made it a newcomer not entitled to injunctive relief. This is precisely the position that petitioner occupies in the instant litigation. It is not and has never been a corporation in Illinois, but notwithstanding that circumstance it assumes to prevent citizens in Illinois from applying under Illinois law for the corporate franchise of using the name, General Industries Corporation. As to such persons it is a newcomer and under the doctrine of *Hazelton Boiler Co.* its suit should fail.

Petitioner's choice of *California Fruit Growers Exchange* v. *Windsor Beverages*, 118 F. 2d 149, is an unhappy selection from the decided cases. While in that case there was no sale of citrus fruit as the product of plaintiff, there were, however, numerous sales of non-carbonated maltless beverages as the product of plaintiff. This deception was effected by the design and wording of the trademark "Sun-Kist" used by defendant on its products, as well as by false representations made to customers in selling defendant's products that they were manufactured by plaintiff.

In *Federal Trade Commission* v. *Algoma Co.*, 291 U. S. 67, action was brought to suppress a long existing practice by the producers of yellow pine of misbranding their prod-

uct as white pine. Neither the facts nor the holdings in that case have any conceivable relation to the questions raised by petitioner in its petition.

In *Mishawaka Rubber and Woolen Mfg. Co.* v. *Kresge Co.*, 316 U. S. 203, the court enjoined defendant from using on detached rubber heels a trade symbol identical with that used by plaintiff on its rubber boots and shoes. The product sold by defendant was inferior to that sold by plaintiff and it was evident that plaintiff had suffered and would continue to suffer loss by the unfair trade practice.

Another case strongly relied upon by petitioner is *Armstrong Paint and Varnish Works* v. *Nu-Enamel Corp. et al.*, 305 U. S. 315. Plaintiff says that the decision in that case demonstrates that the trial judge in the case at bar must have found that plaintiff's name had a secondary meaning. It has no such effect. In the decided case the court in speaking of the trade-mark "Nu-Enamel" said, at page 320:

> "Defendant admitted that the name 'Nu-Enamel' has come to mean and is understood to mean throughout the United States, including the State of Illinois and the City of Chicago, the plaintiff and plaintiff's products only and the word 'Nu-Enamel' is a mark by which the goods of the plaintiff are distinguished from other goods in the same class."

An admission made by defendant in that case cannot possibly supply the deficiency of evidence in the instant record.

The foregoing cases are illustrative of the other authorities cited by the petitioner. In none of them is there the slightest similarity of their special facts to those shown in the record of the case at bar and all of them either directly or inferentially recognize the fundamental legal principle

that a newcomer may use a generic or descriptive term in its name or otherwise, provided that in so doing it is not guilty of palming off, fraud or appropriation of the established good will of another.

III.

Similarity Between Corporate Names Is No Ground For Injunctive Relief at the Suit of the First Appropriator of the Name Unless There Is Evidence Indicating Reasonable Likelihood of Loss or Injury to the First User Consequent Upon the Act of the Newcomer In Adopting and Using the Name.

Illustrative of the care with which courts scrutinize the particular facts of the case to determine whether or not continued use by defendant of the same or a similar name violates any of the principles of fair trade law is afforded by *Lester* v. *Lester*, 57 U. S. P. Q. 392. Both plaintiff and defendant had used the phrase, "The Great Lester" in billing, and otherwise advertising themselves as public entertainers. Each had at different times attained great success—the plaintiff as a ventriloquist and the defendant as a magician. There was no substantial evidence that either had detracted from the fame and reputation of the other or that either had adversely influenced the income of the other. In summarizing its conclusions, the court said: "The court has reached the conclusion that the plaintiff does not have a paramount right to the use of the name, 'The Great Lester,' and that if he once had, the respective performances of the parties to this suit are so distinct and distinguishable from each other that there is no reasonable apprehension that injury or damage to the plaintiff will result from a similar use by the defendant * * *."

A similar supposed conflict in the use of phrases pub-

licized as the names of individuals was resolved in the same way by the Supreme Court of New York (Special term) in *Smiling Irishman, Inc. v. Juliano, et al.*, 59 U. S. P. Q. 378. Plaintiffs and defendant were engaged in the business of selling used automobiles and plaintiffs claimed that their business was conducted under the trade name of "Smiling Irishman." Plaintiffs had advertised the name over the radio at considerable expense and had "incorporated the name" in several states. They had also employed Edward Murphy, who was known as "Smiling Eddie Murphy." Defendants had in their employ one known as "Smiling Johnny Murphy." Plaintiff had begun business in December, 1942, while defendants did not embark on their business venture until August, 1943. Some evidence indicated that defendants had imitated some other advertising devices of the plaintiff such as green ink, shamrocks, Irish pipes, etc. The court refused to grant an injunction either temporary or permanent, saying:

> "Words of common speech which are descriptive only are not subject to exclusive appropriation. Several descriptive words in combination may be used to indicate the product or goods of a manufacturer or merchant and may become entitled to protection, but no one can obtain a monopoly to the use of each word so used. *Caron Corp. v. Conde*, 126 Misc. 676. The law protects only against deceit of the unwary customer, and the resultant or probable injury to producer or distributor. Plaintiffs seem to contend that by appropriation and actual use they have acquired a monopoly on the phrase used. But the use to become exclusive must be of such character and length of time as to connote in the minds of the public the product or wares of a particular person, factory or business and thus acquire a secondary significance which when established is the subject matter of exclusive right. *Chickering v. Chickering and Sons*, 215 F. 490, 494."

In *Skinner Mfg. Co.* v. *General Foods Sales Co., Inc.*, 143 F. 2d 895, decided September 30, 1943, the District Court of Nebraska refused to enjoin defendant from making use of the word, "Bran Fruit," or substantially similar words as a name used on packaged breakfast foods composed of bran, whole wheat flour and raisins. This action was taken in the face of the uncontradicted proof that plaintiff was the first to make and market a breakfast food containing those ingredients and also was the first to adopt and use on its packages the controverted trade name. Plaintiff had also spent a large sum of money in advertising its brand by radio and through the public press. These acts by plaintiff were not deemed sufficient to justify exclusive and monopolistic appropriation by it of the words in question. It also appeared that defendant was labeling and selling its bran and raisin breakfast food under its own name with packages so distinctively marked as to indicate the origin of its product to those using ordinary care to ascertain that fact. The court said:

> "The proceedings have received due consideration and upon the essential foundation of plaintiff's claim the issues have been resolved against it. The court has concluded that the plaintiff's selected name, 'Raisin-Bran' is not a fanciful or arbitrary device, but is rather a fair and faithful description of its product, especially in the light of the history of the bran cereal industry and the practice in identifying bran foods as bran flakes or simply as bran; that the name is not susceptible of the employment as a technical trademark or exclusive appropriation as common law trademark; that the name has not acquired a secondary meaning within the division of the law upon that question; that there is a failure of proof of unfair competition as against either defendant; and that the equities in the two cases are with the several defendants thereto and against the plaintiff."

See also *Kellogg Co.* v. *National Biscuit Co.*, 305 U. S. 111; *Borden Ice Cream Co.* v. *Borden Condensed Milk Co.*, 201 Fed. 510 (C. C. A. 7th); *American Foundries* v. *Robertson*, 269 U. S. 372.

Under the common law it was no wrong for a subsequently organized corporation to assume and use a name identical with or similar to that of an existing corporation. However, under the statutes of all the American States such assumption of a name previously appropriated by a corporation is forbidden to newly organized domestic corporations and to foreign corporations seeking authority to engage in business in the particular state. No Federal statute exists that purports to regulate or prohibit the duplication of corporate names and the administrative officers of the several states are not required by law to search the corporate directories of all the other states in determining whether or not the act of granting a certificate of incorporation pursuant to a particular application will have the effect of duplicating a previously appropriated corporate name in another jurisdiction. Nor can fair trade rules be invoked to regulate or prevent such duplication if the corporations are doing business in different states and are not in direct competition. See for example, *Pub. Co.* v. *Dobinson*, 82 F. 56, where it is said (Pg. 62):

> "Where a corporation adopts the name of another corporation already in existence but uses it in a place and with distinguishing characteristics which render it improbable that injury could thereby result to the latter corporation, such use of the name will not be enjoined in the absence of proof that injury has actually resulted therefrom."

Perhaps the leading case on this subject is that of *Federal Securities Co.* v. *Federal Securities Corporation*, 129 Ore. 375, 66 A. L. R. 934, where the court refused to restrain defendant from using its corporate name in the

conduct of its business in the state of Oregon. Plaintiff, in the case last cited was incorporated in May, 1920, under the laws of Oregon to engage in the business of buying and selling securities. In the year prior to the suit it sold securities of the value of $2,000,000 to approximately 900 customers. Its offices were in Portland and it dealt only in the best grade of securities and had a high reputation among its customers and in the community. Defendant was incorporated in Illinois in 1915 and began business there at that time and on November 7, 1927, it opened its local office in Portland, Oregon. Plaintiff's business was the purchase and sale of securities and about 90% of its business was in the wholesale market, while only 15% to 20% of the defendant's sales were of a wholesale character. Defendant was permitted to enter the state and conduct its busines there upon adding to its corporate name the distinguishing language, "doing business as the Federal Securities Corporation of Illinois." The plaintiff filed its complaint to restrain the defendant from using its corporate name in the state of Oregon. On the trial there was evidence of some confusion in leters, telegrams and telephone calls and in one instance a newspaper advertisement did not show the words, "of Illinois" following defendant's name. In denying injunction the Supreme Court of Oregon said (Pg. 397):

> "*When it has been found that there is a similarity of names, a court does not cease its inquiries and at once grant relief, but proceeds to ascertain whether the other facts are such that deception and injury are likely.* The cases of *W. H. Walther* v. *Walther Bros. Co.* and *Borden Ice Cream Co.* v. *Borden's Condensed Milk Co.*, justify the statement; but we shall proceed to particularize; it is evident from the foregoing review of cases that where a business offers its services only to a small highly specialized group, capable of close discrimination, as in *Diamond Drill Contracting*

Company v. *International Diamond Drill Contracting Company,* 106 Wash. 72, 179 Pac. 120, a greater degree of similarity will be tolerated than where the business offers itself generally to all comers, most of whom will respond to similarity and not investigate identity; this is especially true where the articles are commonplace and are purchased without careful scrutiny of the identity of the vendor like clothing, soap, bricks or barber's services (cases cited). The difficulty of acquiring precise information as to identity is increased when the article is of modest value and is passed from manufacturer to consumer through the medium of independent retailers as in *L. E. Waterman case,* 235 U. S. 88. Such circumstances increase the possibility of deception. But where the article is of great value and the buyer is more interested in the personnel than in the name of the institution, and is brought into direct contact with the former, as in *Farmers Loan and Trust Co.* v. *Farmers Loan and Trust Co. of Kansas,* the danger that lurks in the similarity of names is diminished * * *." (Pg. 398.) "Applying these conclusions to the case before us, we find that both corporations are transacting business with customers who are alert and capable of discrimination. This statement is substantiated by the fact that the plaintiff's customers are largely people of wealth, while the defendant's business is done principally with financial institutions. Such buyers do not give a hasty glance at the door and repose confidence in whomsoever they find inside; but customers of such institutions are interested in the officials as well as in the entity * * *. We believe that while confusion may continue for a while and perhaps never entirely cease, no probability of deception appears. We are entirely satisfied that no intended piracy of a name is involved in this suit. But, moreover, the plaintiff cannot in justice demand that the defendant should be denied the right to the use of its assumed name. *The plaintiff's name is not fanciful but the words composing it lie in the public domain* * * *." (Italics ours.)

The salient features of the case at bar may be summarized within a narrow compass. An Ohio corporation engaged in business solely within the state of Ohio learned that persons in Illinois contemplated the formation of an Illinois corporation having a name similar to its own corporate name. Although it has never qualified in Illinois and apparently has no business need for so doing, it sued in the United States District Court to prevent citizens of Illinois from availing themselves of rights given by the Business Corporation Act of that state.

The parties are wholly non-competitive and their enterprises are completely dissimilar in respect to products, markets and methods of sale. The manufactured goods of each move through experienced salesmen to skilled buyers in highly specialized markets. The evidence does not suggest the possibility of competition and only by assuming that respondents will eventually manufacture the goods made by petitioner and sell them under circumstances of simulation can it be conjectured that petitioner may suffer injury from the dissolution of the injunction.

Both petitioner and respondents are well-established and enjoy good, if not enviable, reputations in their special and separate fields. There has been neither charge nor proof of fraud, actual or constructive. The sole complaint is that there may occur confusion in the identity of the two corporations. Not the fact of confusion in identity but rather the means by which it is induced and the consequences of such confusion constitute the wrong condemned by the decisions. There are now and have always been many duplications in the names of business organizations, but no court has heretofore undertaken the quixotic venture of establishing and assuring in perpetuity the separateness of name channels for business enterprises. The tests are always pragmatic and the rule of decision eminently

practical. If there be no statute forbidding similar names, and if it cannot reasonably be said that a new corporation's assumption of a name similar to that of an older corporation will probably result in pecuniary loss to the first corporation, the action of the newcomer is lawful. Freedom in business competition which the law seduously fosters demands that words belonging to the common domain of the language be not exclusively apportioned to those who are first to use them. In this case, no conclusion of injury to the petitioner or possible conflict between the parties can be envisioned except by the cumulation of presumptions and by resort to unreasoned surmise. Under such circumstances, neither precedent nor logic justifies further review of this case.

Conclusion.

For the reasons stated and on the authorities cited, respondents respectfully pray that the judgment of the Circuit Court of Appeals be affirmed.

Respectfully submitted,

William C. Wines,
Attorney for Respondents.

Robert E. Barrett,
John W. Costello,
Wendell H. Shanner,
Of Counsel.